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Philippe Hatt, CIO, Etat du Valais, Switzerland

AT A GLANCE

Company

- Name: Canton of Valais (Etat du Valais)
- Location: Switzerland
- Industry: Public sector
- Web site: www.vs.ch
- Implementation partners: SAP® Consulting services, SAP Stäfa GmbH, and (later) ASEM group

Challenges and Opportunities

- Boost productivity
- Reduce data duplication
- Integrate cross-division functionality

Objective

Replace an aging and unintegrated administrative system with a modern, integrated resource management system with cutting-edge public administration technology

SAP Solution and Services

SAP R/3® software for HR and financials (SAP R/3 functionality now found in the mySAP™ ERP application)

Implementation Highlights

- Implementation handled primarily by in-house teams with some help from SAP Consulting and SAP Stäfa
- Ongoing implementation of enterprise resource planning (ERP) capabilities carried out

Why SAP

- Provided the integrated, cutting-edge capabilities needed by the canton
- Supported bilingual capabilities (canton residents speak French and German)
- Provided a road map for implementing future capabilities required to support growth of the canton's administrative workload

Benefits

- Immediate and marked improvement in quality of financial data
- Reduced lead time for end-of-period closing
- System transparency and close integration of functions, processes, and data
- Ability of administrators to cope with constantly increasing volume of work
- Ability to produce pay slips in the language of each employee
- Previously inaccessible legacy data now available
- Road map for the orderly rollout of additional functionality

Existing Environment

In-house developed COBOL and PowerBuilder-based ERP system

Third-Party Integration

- Database: Oracle
- Hardware: Fujitsu-Siemens servers
- Operating system: Sun Solaris

CANTON OF VALAIS

Scenic Swiss Region Deploys SAP R/3® Software to Boost Administrative Throughput and Organizational Efficiency

“We are a small canton with big plans,” says Philippe Hatt, CIO of Switzerland's Canton of Valais (Etat du Valais). “SAP software is helping us turn those plans into reality.”

The SAP® software Hatt refers to is SAP R/3® software, initially deployed by the canton in 1999. (SAP R/3 functionality is now found in the mySAP™ ERP application). With the deployment of SAP R/3 software, Hatt says the IT organization began a transformation of the canton's administrative operations that continues today.

Tourism and High Tech

The canton of Valais, located in the south of Switzerland, is one of those exceptionally favored places with stunning scenery, a sparse but industrious population, excellent vineyards, and a thriving tourist trade. Zermatt and Verbier are world-class resorts, offering year-round skiing atop glaciers still not affected by global warming. In addition to tourism, agriculture and dairy farming are important, and the canton is renowned for its heavy, dark, nut-filled Walliser bread. Valais is bilingual – both French and German are spoken throughout the canton.

The canton also has a thriving, highly diverse industrial and high-tech base that produces aluminum profiles, mechanical movements for the clock-making industry, high-precision molds, pharmaceuticals and beauty products, electronic components, and plastics, as well as products based on microtechnology and biotechnology.

In the late 1990s, the canton's government decided to implement a resource management system with the latest public administration capabilities.

Toward a New Infrastructure

The first step was to modernize and standardize the computers of more than 1,000 public service employees and link them over a high-speed intranet. The intranet spanned the canton's five government divisions with their various departments, offices, and other facilities. A Web site was created to support this strategic move into e-government.

"Once the intranet was in place, our next step was to seek out, evaluate, and procure an integrated, modern resource management system," says Hatt. "We decided to roll it out initially to financial administration and HR. The software these two divisions had been using was not integrated and data entry was often duplicated, leading to errors and low productivity. In addition, our data control, presentation, and analysis capabilities were substandard."

Hatt had his work cut out for him. On the monetary side, a wholesale rationalization of the financial administration's accounting processes was necessary. The idea was to eliminate duplicated and triplicated data entry, standardize documents, enable electronic archiving, build audit trails, and improve data accessibility and overall division performance.

The HR division had an equally ambitious set of objectives, including the effective management of all HR-related data and cross-linking HR applications with the canton's financial applications. The canton also wanted to standardize and improve HR management of long-term recruitment and advertising activities, as well as upgrade employee evaluation and career management procedures.

In addition, IT was charged with helping the canton's divisions to revamp their procurement procedures and other workflows, as well as enhancing its revenue generation and tax collection capabilities.

Settling on SAP

"We got underway with a team from the finance and IT departments, supported by key people from the offices," Hatt recalls.

He says, after reviewing several options, the team decided on SAP R/3 software. Although SAP Consulting and consultants from SAP Stäfa GmbH provided some support – with the ASEM group assisting later in the project – the implementation was handled primarily by the in-house team.

Initially, the IT department got accounting (including general accounting, receivables and payables processing, and budgeting) and subsidiary management functions up and running. The HR division was active as well, making good use of the system's database management, payroll, and time-reporting functions. A

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year later, the team launched the billing system for government services, and then followed up by introducing an application to manage fees for external contractors. The HR division also added professional development and employee management to the list of SAP software that it uses.

Happy Users

"The result," says Hatt, "was a transparent and integrated system that solved many of our problems. The financial department realized an immediate, marked improvement in the quality of its financial data, and reduced the lead time for its end-of-period closing by one month – and this despite an increase in volume."

“The system’s users were and continue to be very pleased with the new level of systemwide transparency and the close integration of functions, process, and data,” he adds. “They can access data in real time, run reports directly, see the results on their screens, modify filtering and selection criteria, and print only what they need. As a result, their reporting is far faster and more effective.”

Due to the functionality of the SAP software, public administrators now have the ability to cope with a constantly increasing volume of work and to meet the rationalization and efficiency goals set forth in the project’s terms of reference.

Bilingual Capabilities

The implementation also took the bilingual culture of the canton into account. The SAP software enables the HR division to produce pay slips in each employee’s language.

By integrating the department’s payroll business process with its financial applications, the SAP software has eliminated the duplicate entry of data. Moreover, the close integration of the SAP software with the HR department’s office tools has further improved productivity and total cost of ownership.

Hatt says the standard HR functionality provided by SAP software covered practically all of the department’s needs. In addition, legacy data from the past several years is now available.

Next-Round Implementation Already Underway

“With these successes in place, we moved on to the next round of SAP implementations,” says Hatt. “We created a comprehensive road map that identified the next round of functions to be added to the system. These include functionality for areas such as managing payables and electronic documents, and procurement.”

Other major components of this next phase include sector-specific billing, payment collection, and reimbursements. This functionality is now available in the SAP Public Sector Collection and Disbursement application, part of the SAP for Public Sector set of solutions.

Currently, the IT department and team members from various divisions continue to follow the SAP road map and implement specific public sector functionality inherent to the SAP software. For example, they are making possible the centralized management of the addresses of all entities with which the canton does business. Entries and modifications of this data will take place in a centralized repository that is linked to all SAP applications. Once it is entered or modified, data is automatically transferred in real time to all the canton’s information systems.

Realizing the Road Map

The planned functionality will make it possible to manage financials and administer payment collections more efficiently. Also, the application will be used across the board throughout the canton for tax and revenue collections. The project will also provide functionality for managing local government loans and borrowings.

The IT department is currently evaluating the receivables management functionality in SAP R/3 software for administering the loans handled by the canton’s various departments. Also in the planning stage is a project aimed at managing public commitments to cover the administrative needs of the Department of Transport, Public Works, and the Environment.

Says Hatt, “Given our level of involvement with SAP software for the past decade, it’s no wonder Valais was the first canton in the French-speaking part of Switzerland to obtain certification for an SAP Customer Competence Center location.”

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